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State of the Industry

NHMA89

Highlights of 1988 Sales and Marketing Performance, Trends and Issues Reported by Housewares Manufacturers and Tabulated by the Consulting Firm of Touche Ross & Company Within the Framework of an Industry-Wide Research Undertaking Commissioned by the National Housewares Manufacturers Association

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Braxton Associates

We are very pleased to report that the State of the Housewares Industry is outstanding. Nominal sales growth was 12.6% in 1988, and the forces that have traditionally driven housewares sales (aging population, household formation and population mobility) are projected to rise in the future.

However, while demand for housewares products are rising, profitability is under pressure. Larger, more consolidated retailing channels are emerging and housewares manufacturers are forced to respond with a variety of concessions to the trade.

This year's study profiles an industry with extraordinary opportunity. Few manufacturing industries are blessed with the very positive fundamentals that are in place for housewares over the next decade. But at the same time, we see a sharp delineation taking place which has resulted in a simultaneous increase in the number of very successful companies and the number experiencing negative growth.

The lesson is simple: opportunities are abundant, but only to those who can successfully adapt and respond to change.

It is our hope that this report will provide a valuable service in describing these changes in the framework of a comprehensive industry survey.

Brian E. Kardon

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NHMA Project Director
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NHMA89: STATE OF THE INDUSTRY

STUDY OBJECTIVES

This research project was initiated in 1987 and designed to provide actionable, historical facts to the NHMA membership regarding the size and nature of the industry, products and channels of distribution, selling and marketing methods and issues of concern to manufacturers.

Importantly, this annual study offers a unique opportunity to monitor industry movements and trends on a continuing basis. *NHMA89* is the second yearly study and contains data from both 1987 and 1988.

METHODOLOGY

A detailed, self-administered mail questionnaire was developed for this study by Touche Ross & Co., Braxton Associates and the National Housewares Manufacturers Association. It was pretested by an NHMA Research Task Force and carefully reviewed by market research professionals.

Completed surveys were returned to the certified public accounting firm of Touche Ross & Co. for data entry and processing. The data from the returned surveys were entered into a computer by trained data entry specialists. All data were verified to assure accuracy (but not audited). In the case of ambiguity, respondents were telephoned to clarify a particular response. Once all data were entered, surveys were stripped of the respondent's name and firm to assure confidentiality.

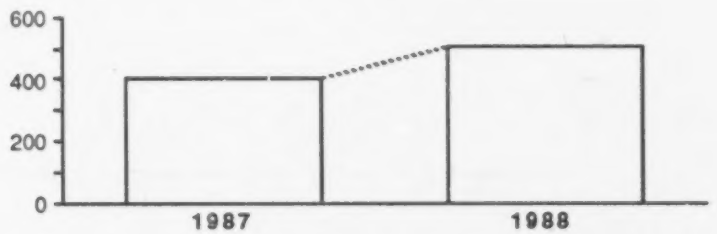
Using specially-designed statistics software, analysts from the Braxton division of Touche Ross compiled both summary and detailed frequency distributions and cross-tabulations. Once the preliminary analysis was completed, Roundtable Discussions by retailing, wholesaling and manufacturing practitioners from within the Touche Ross organization were conducted. These Roundtables provided the opportunity to put the data in perspective; experienced consultants reviewed the findings, suggested additional analyses and offered insights.

RESPONSE

In 1987, **402** completed surveys were received from the membership. In its first year, then, the NHMA study received an exceptional 25% response rate based on its membership of 1600 firms. From our experience, this high level of response reflects a very strong interest in, and desire for, industry data.

In 1988, **501** NHMA firms participated in the study. This represents a **25% increase** in response rate in one year. Additionally, fully **76%** of last year's participants again participated this year. This large group of continuing respondents both assures the comparability of the sample for the two years and leads us to believe that there is a high degree of satisfaction with the report.

Participation is up 25% in 1988.



Of significance this year is the degree to which respondents disclosed information; the surveys received this year reflect a higher level of disclosure. Fewer questions were left blank. More confidential financial information was revealed. Also, we continue to receive surveys completed by people high up in their organizations; three-quarters of respondents are Vice President or higher. The balance were persons given special authoritization by their managements to provide the information requested.

REPORTING OF RESULTS

From the vast amount of data received, two reports were produced: *Highlights* and *In-Depth*.

This is the *Highlights Report*. It contains summary information of the survey results. The *Highlights Report* is made available to all NHMA members, the press, libraries and other interested parties.

A special *In-Depth* report was also prepared. In addition to the material contained in the *Highlights Report*, this sixty-page report contains detailed financial and operating statistics, productivity measures and cost data. The *In-Depth Report* is confidential. It is only available to those NHMA members who completed the detailed questionnaire distributed in September.

NHMA89: STATE OF THE INDUSTRY
SURVEY HIGHLIGHTS

- Housewares' manufacturers total sales reached **$35.2 billion** in 1988. This represents 12.6% nominal growth from its 1987 level of $31.3 billion.

- The average company size of an NHMA member firm is $15.2 million. In 1987, the average was $13.1 million. This is a 16% increase in average company size.

  Interestingly, the median company size (half above and half below) is only $3.1 million. In 1987, the median was $2.4 million. This represents a 29% increase in the median between 1987 and 1988.

  The NHMA, then, is an organization comprised largely of smaller firms. It is the small group of $100+ million companies which raise the average company sales volume to $15.2 million.

- The average number of employees per company is 157, down from 164 in 1987. Technology, down-sizing and greater economies of scale were the reasons manufacturers gave for this reduction.

- There is expansion at both ends of the growth spectrum. The percentage of companies growing at greater than 20% increased in 1988 from 18.4% to 30.6%. At the same time, the percentage of firms with negative growth (< 0) also grew, from 14.0% in 1987 to 18.6% in 1988.

- The largest single product class in the housewares industry remains Small Electric Appliances with 20.6% share of sales. However, this is down from its 1987 share of 24.2%.

  The #2 ranking product category is Cook & Bakeware with 16.7%. This, too, is down from its 1987 share of 21.7%.

  The largest share increases were in Decorative & Accessories (14.8%), other (10.9%) and Outdoor Products & Accessories (5.1%).

- New product development increased dramatically in 1988. New product introductions were up an average of 23%. The average housewares company introduced a total of 37 new products in 1988 (includes color/style/packaging changes as well as new products). The product category with the highest average of new products is Cook and Bakeware with 87.

- Discounters remain the single largest channel of distribution for housewares manufacturers. Their dominance over other channels increased in 1988: 27.5% of sales in 1988 versus 26.5% in 1987.

  The #2 ranking channel in 1987, wholesalers, fell to #3 in 1988. In 1988, supermarkets took the #2 ranking with a strong increase; supermarkets' share rose from 7.0% in 1987 to 11.2% in 1988.

  Growing quickly in 1988, although from a small base, are mail order (4.7%) and home centers (2.3%)

  Catalog showrooms rank #6 in 1988 with 5.8%. However, among only the largest supplier companies (those with sales over $100 million), catalog showrooms earned a much greater share, jumping to 12.3%.

- Housewares manufacturers used more part-time employees in 1988 than in 1987, and use of hourly (versus salaried) employees is also up.

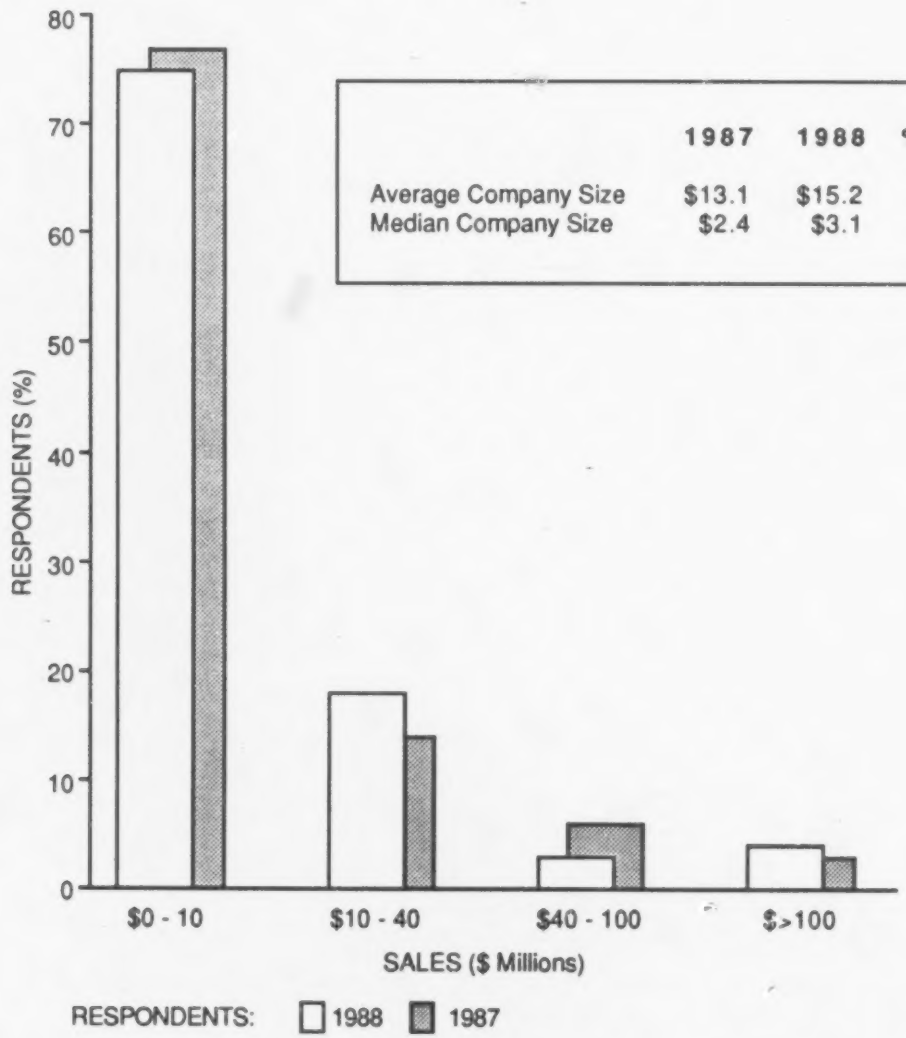
- The top ranking trade promotion discount offered in 1988 was volume discounts/rebates. In 1987, volume discounts/rebates only ranked #4.

- The housewares industry continued the trend towards internationalization, although from a small base. Both exports and imports of housewares were up in 1988. Foreign production and purchasing rose from 13% of housewares sales in 1987 to 15% in 1988. Exports increased from 3.5% to 5.5% of total sales.

- Management's priorities and concerns changed considerably in 1988. Moving to the top of the list was *Maintaining Gross Margin.* Also moving up was *Pricing.* 1987's #1 ranking priority, *Sales Volume in the U.S.*, fell out of the top 10 in 1988.

- The #1 primary color for 1989 is white. White ranked first in kitchen, bath, closet/storage, dining room and outdoors categories.

NHMA STATE OF THE INDUSTRY RESPONDENTS



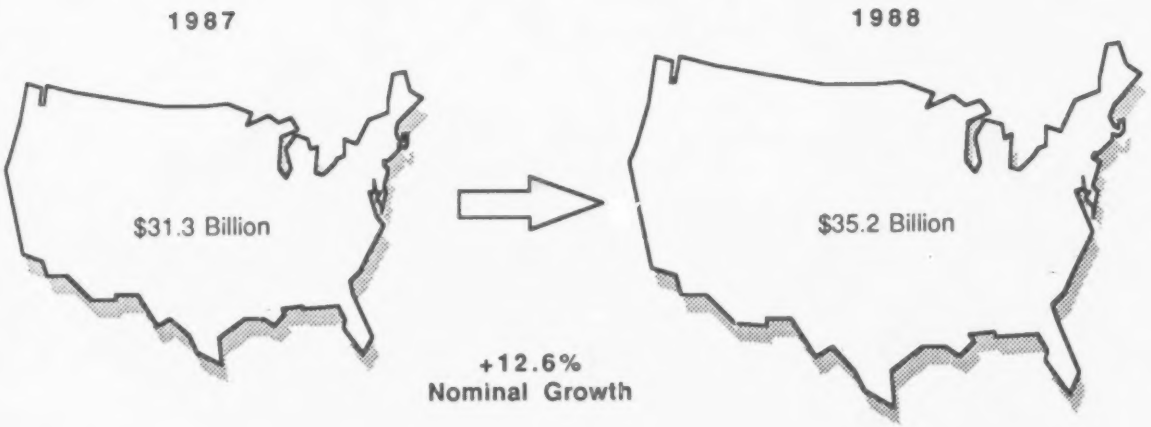
	1987	1988	% Change
Average Company Size	$13.1	$15.2	+16%
Median Company Size	$2.4	$3.1	+29%

The comparability of last year's sample with this year's is striking. In 1988, the percent of companies with sales volume under $10 million is slightly below that of last year. However, this year's sample includes more companies in the $10 - 40 million and > $100 million range.

Half of housewares manufacturers report sales below $3.1 million (median). The housewares industry is largely a "smaller company" industry with a small group of $100+ million firms with well-known brands, national advertising and powerful sales forces. Their high visibility should not mask the reality that most manufacturers are small, facing the same problems that other small businessmen and businesswomen face in other industries.

INDUSTRY SIZE

HOW LARGE IS THE U.S. HOUSEWARES INDUSTRY?



Manufacturers sales of housewares reached $35.2 billion in 1988, up 12.6% (nominal) from 1987. This is the sum of manufacturers' sales for the eleven NHMA product categories (see appendix). Real growth may be computed by deflating nominal dollars by the level of inflation over the period. 1988 inflation was 4.5%, producing a real growth rate of 8.1%.

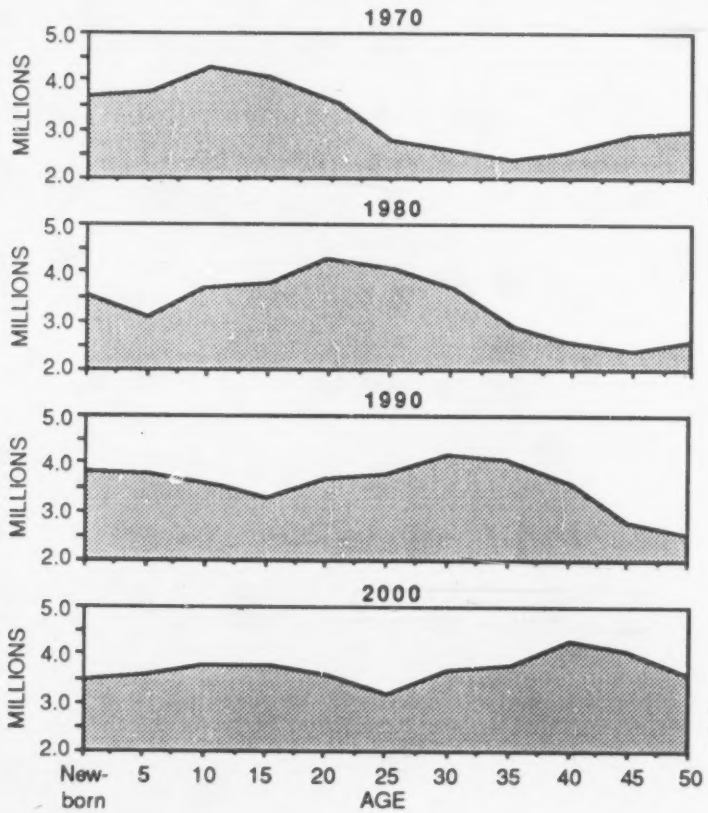
This real growth rate exceeds historical rates for both the Gross National Products (GNP) and Disposable Personal Income (DPI).

The strong performance of the housewares industry, we believe, is linked to several "growth drivers" in the population, not factors in the channels. The drivers include:

- the "age wave" and the accompanying pattern of expenditures on housewares by persons 25-64,
- household formation, and
- population mobility

These drivers are discussed on the following pages.

HOUSEWARES DRIVERS



Source: U.S. Department of Commerce, Bureau of the Census.

AGE WAVE

Demographers agree that the American population is aging. In the mod '60s, the slogan was, "Don't trust anyone over 30." Today, the very people who spoke those words are now parents with homes, mortgages and busy careers.

As the chart to the left reports, the great bulge of Americans are projected to be in the 28-38 age range in 1990.

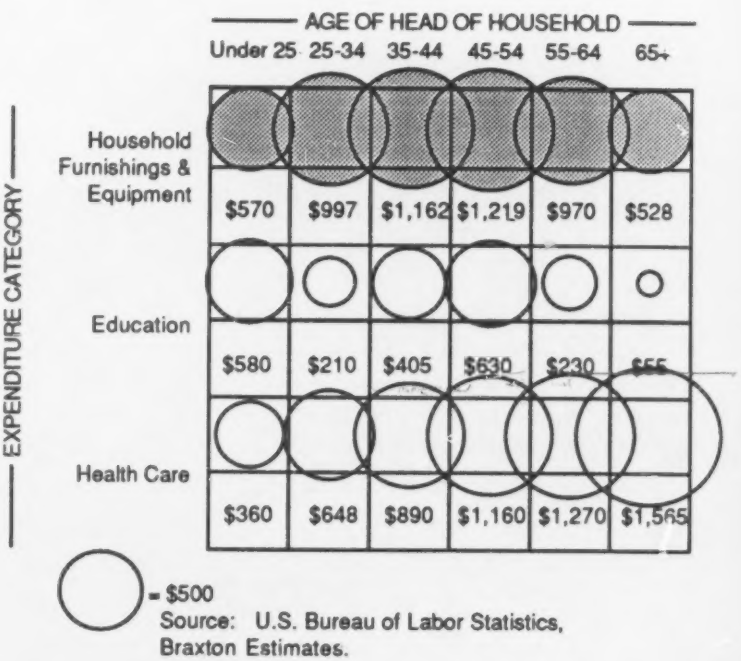
EXPENDITURE PATTERN

As we age, we tend to spend more on items for the home. We have largely abandoned our habits, developed while single, of spending on things outside the home.

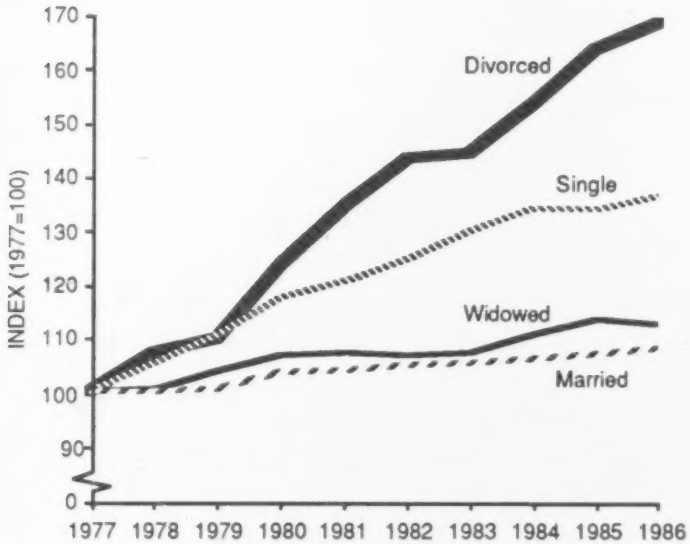
The age bulge is now married, with a strong propensity to spend money on household furnishings and equipment.

As seen on this chart, people under 25 only spend $570 on household furnishings, while those aged 35-44 spend more than double that amount.

Clearly, an aging population favors the housewares industry over the next decade. It is interesting to note the difference in spending patterns between household, education and health care categories.



Source: U.S. Bureau of Labor Statistics, Braxton Estimates.



Source: U.S. Statistical Abstract

DIVORCED AND SINGLES UP

Over the ten years reported on the chart, the two fastest growing marital status groups are divorced and singles.

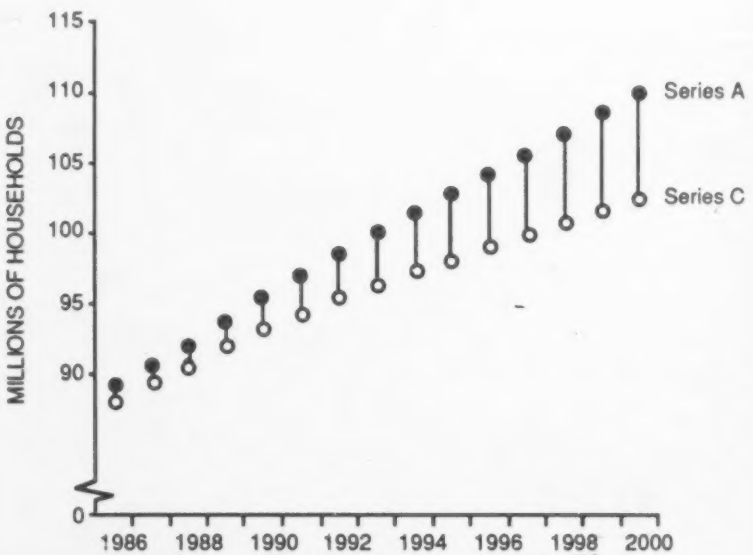
In the case of divorce, a single household is multiplied by two as couples and families split apart.

Similarly, the growing single population means that there are simply more households of one person, thereby increasing the population of total households.

MORE HOUSEHOLDS

The projections of the Commerce Department and Bureau of Census reflect increasing numbers of households through 2000. Even the government's conservative Series C estimate projects the number of households in the U.S. to grow from 90 million to 102 million between 1988 and 2000.

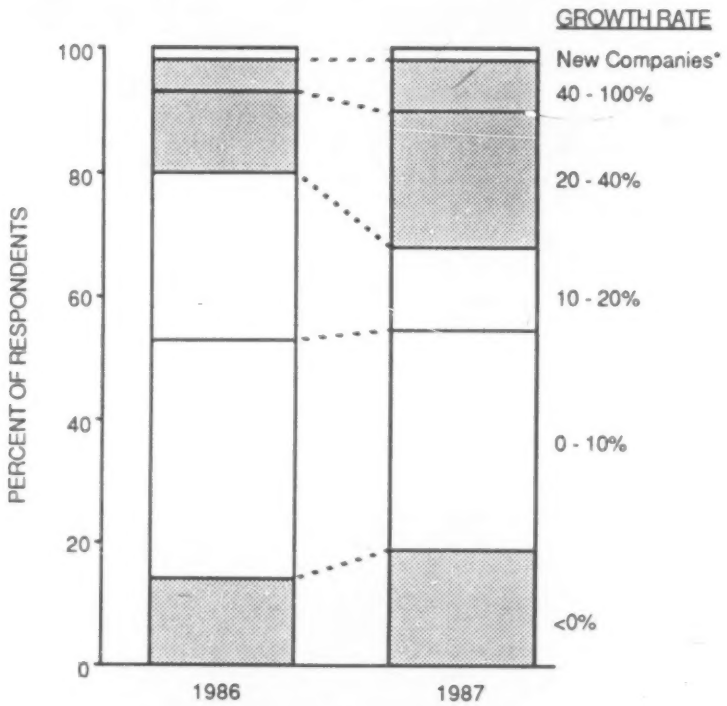
With household formation on the rise, the housewares industry can expect primary demand to continue its ascent.



Source: U.S. Dept. of Commerce, Bureau of the Census

Another important driver of housewares growth is population mobility -- Americans on the move. About 40 million Americans moved in 1988. The all-time high mobility rate was achieved in 1961 when 21% of the population moved in the era of rapid suburbanization. Today, the rate is about 17%. Put another way, the average American moves every six years. While the percent mobility is down from its 1961 high, there are more Americans now. The net effect is that even if the rate remains at 17%, the number of Americans moving will continue to grow as the population increases.

WINNERS AND LOSERS: MANUFACTURING GROWTH RATES



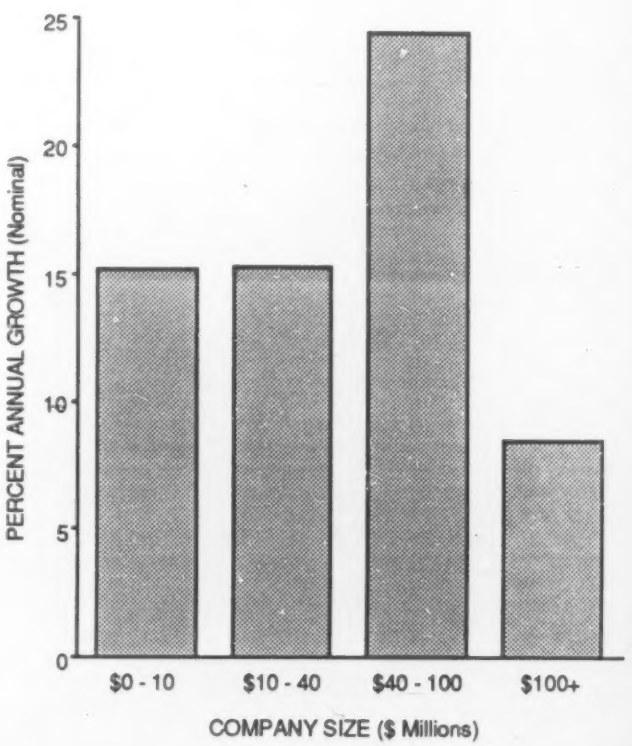
*Any company reporting sales growth of greater than 100% was classified "New Company."

While overall housewares growth is a healthy 12.6% in 1988, the distribution of growth among manufacturers is dramatic:

- The percent of companies with sales growth of 20% or higher is up from 18.4% to 30.6%.
- The percent of companies with negative sales growth is also up, from 14.0% to 18.6%.

This distribution of average sales growth by company size reports the lower sales performance of the largest firms ($100+ million) relative to the rest of the industry.

The weak performance of the largest companies contrasts with the exceptional growth of companies in the $40 - $100 million range. Their performance is nearly three times that of the largest manufacturers. To some extent, merger and acquisition activity is responsible for the exceptionally high nominal growth rate (24.5%) of these $40 - 100 million firms.



SALES DISTRIBUTION BY CHANNEL

CHANNEL* (Ranked by 1988 Share)	1987 Rank	1987 Share (%)	1988 Rank	1988 Share (%)
Discounters	1	26.5	1	27.5
Supermarkets	5	7.0	2	11.2
Wholesalers	2	12.0	3	10.6
National Chains	4	8.4	4	7.9
Department Stores	3	11.5	5	7.7
Catalog Showrooms	8	4.8	6	5.8
Mail Order	12	2.1	7	4.7
Drug Stores	9	4.6	8	4.4
Warehouse Clubs	6	5.5	9	3.9
Hardware Stores	10	3.6	10	3.6
Gift, Novelty, Souvenir	11	2.2	10	3.6
Other	7	5.3	11	2.5
Company Outlet	14	1.1	12	0.9
Home Furnishings & Appliance Stores	13	1.4	13	0.7

Discounters continue to rank #1, increasing their share by one point. Supermarkets jumped from #5 to #2 in 1988. As supermarkets expand their square footage and add more non-food products, this channel will continue to gain in importance for housewares manufacturers. Additionally, housewares generally offer a higher gross margin and direct product profitability (DPP) than most typical grocery items.

Wholesalers' share declined in 1988 as did that of the National Chains. Department Stores' share also eroded, with many of them choosing to increase their apparel merchandising and reducing the size of housewares departments. Mail order had the largest percent share gain of any channel; we expect to see additional gains next year as busy, dual income families find the convenience of mail order compelling.

Although fewer than twelve in number across the country, Hypermarkets are emerging as an increasingly important housewares channel. While we estimate its share to be below 1%, we expect to see large gains in the future as more than 20 additional Hypermarkets are planned to open in 1989.

*See Appendix for examples of the various channels.

SALES DISTRIBUTION BY PRODUCT CLASS

PRODUCT CLASS* (Ranked by 1988 Share)	1987		1988	
	Rank	Share (%)	Rank	Share (%)
Small Electric Appliances	1	24.2	1	20.6
Cook and Bakeware	2	21.7	2	16.7
Decorative Accessories	6	6.5	3	14.8
Tabletop, Serving Products and Accessories	4	11.4	4	9.5
Kitchenware and Accessories	3	12.9	5	9.1
Furniture	5	8.0	6	6.2
Outdoor Products and Accessories	8	3.4	7	5.1
Bath, Laundry, Closet and Storage	7	5.2	8	4.6
Cleaning Products	9	2.7	9	1.9
Clocks	10	0.2	10	0.6
Other		3.8		10.9

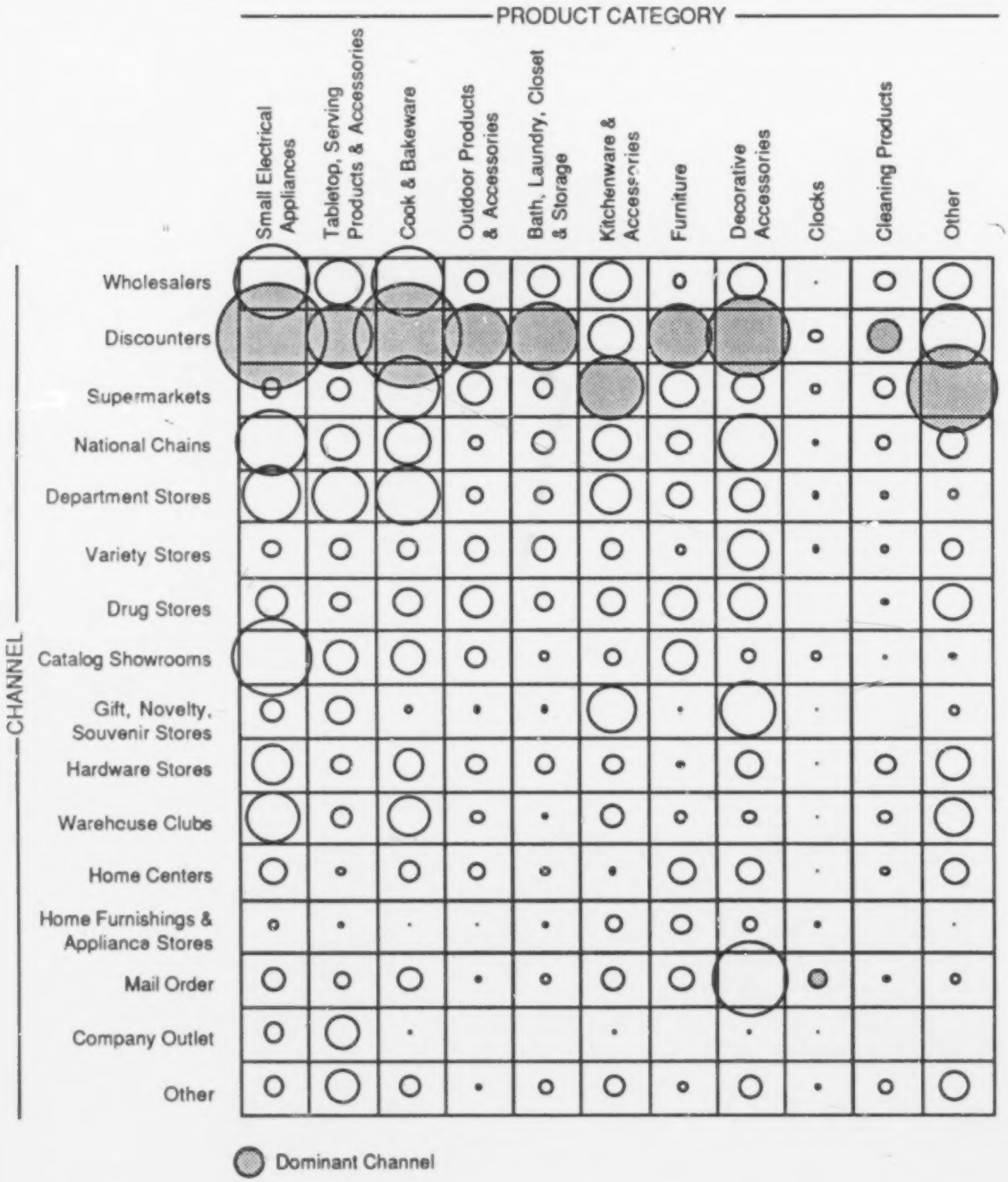
Small Electric Appliances rank #1 in share of housewares sales volume for a second year. However, its share is down signficantly over the period. Similarly, Cook and Bakeware keeps its #2 rank, but share is also down. These product categories reported lower levels of new product introductions in 1988 than in 1987. It appears that mature brands and products are not being sufficiently replenished by new products.

Large gains by product class include Decorative Accessories, Outdoor Products and Accessories, and Other.

This large percent gain by the Other category was anticipated in 1988. Supermarkets were the dominant channel for Other products (see next page). Given the growth of supermarkets and their large sales of general merchandise, the share of Other grew considerably this year. Other includes sewing kits, flashlights, candles, some stationery supplies, and many other products that are difficult to classify elsewhere.

*See Appendix for examples of the eleven housewares segments.

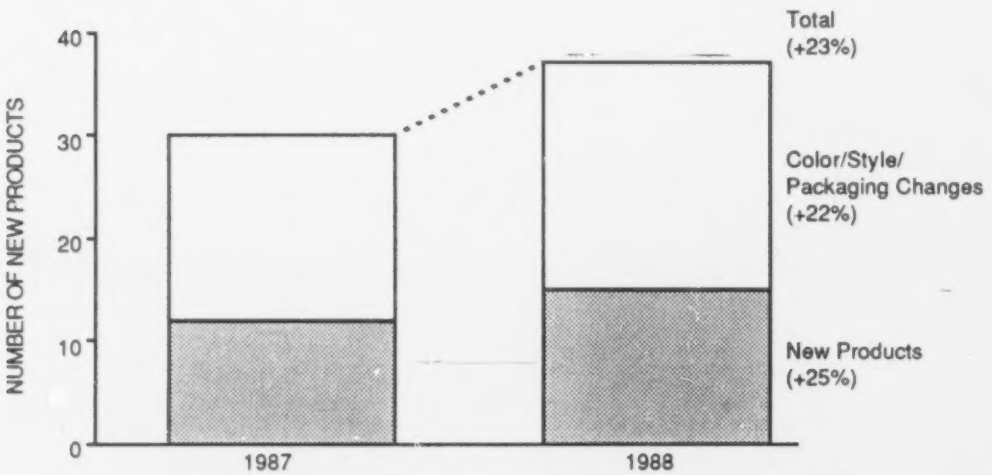
PRODUCT SALES BY DISTRIBUTION CHANNEL



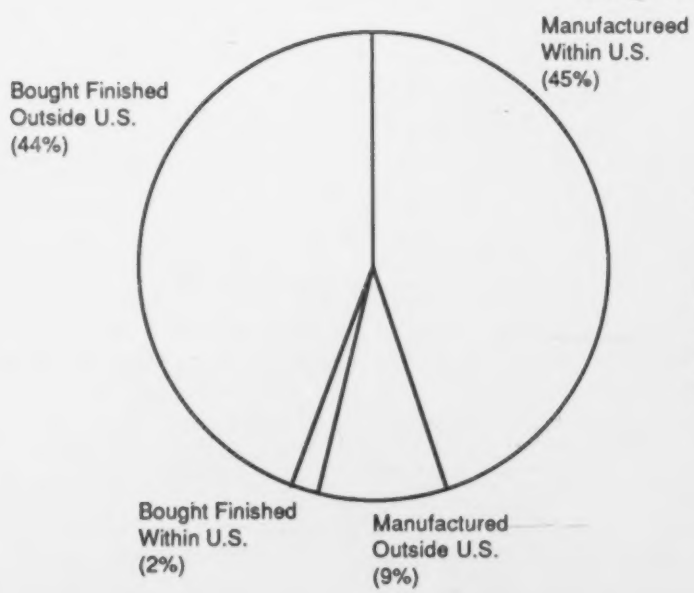
Circle size is proportional to sales volume. The dominant channel for each product category has been shaded. In all but three product categories, discounters are the dominant channel. Supermarkets lead in Kitchenware and Accessories and Other. Mail Order is the most important channel for clock manufacturers.

NEW PRODUCTS

In both 1987 and 1988, New Products ranked #2 in priority for housewares manufacturers.



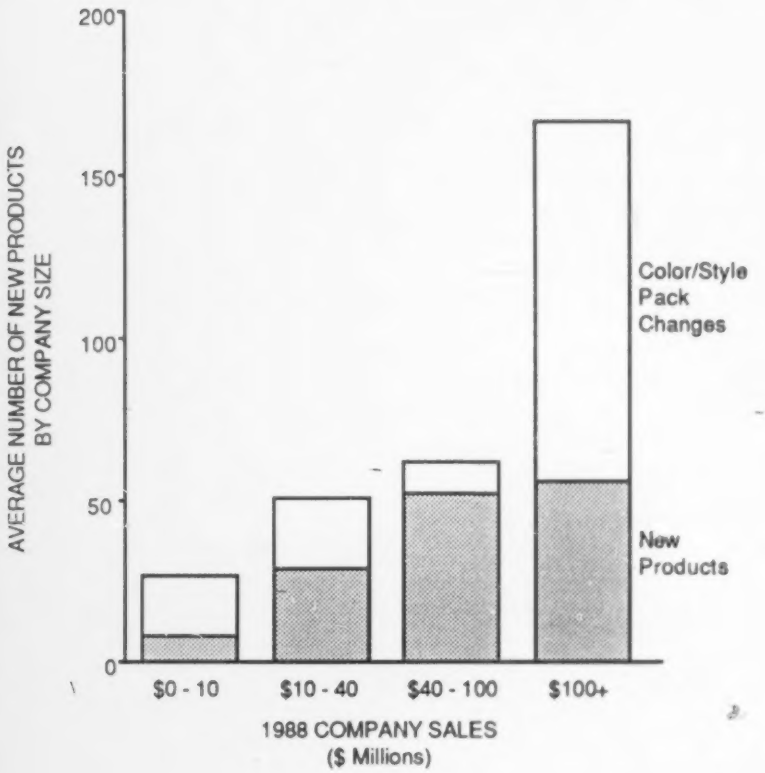
Overall, new product introductions were up 23% over 1987 levels. The average number of total new products per housewares manufacturer was 37 in 1988; 22 color/style/pack changes and 15 new products. [Note: There is wide variance in the number of new product introductions across product categories and company size. These are discussed on the following page.] The median number of total new products is 14 per firm.



SOURCING

Of the total number of new products introduced in 1988, 45% were manufactured in the United States and 44% were bought finished outside the United States.

NEW PRODUCTS
BY COMPANY SIZE AND PRODUCT CATEGORY



COMPANY SIZE

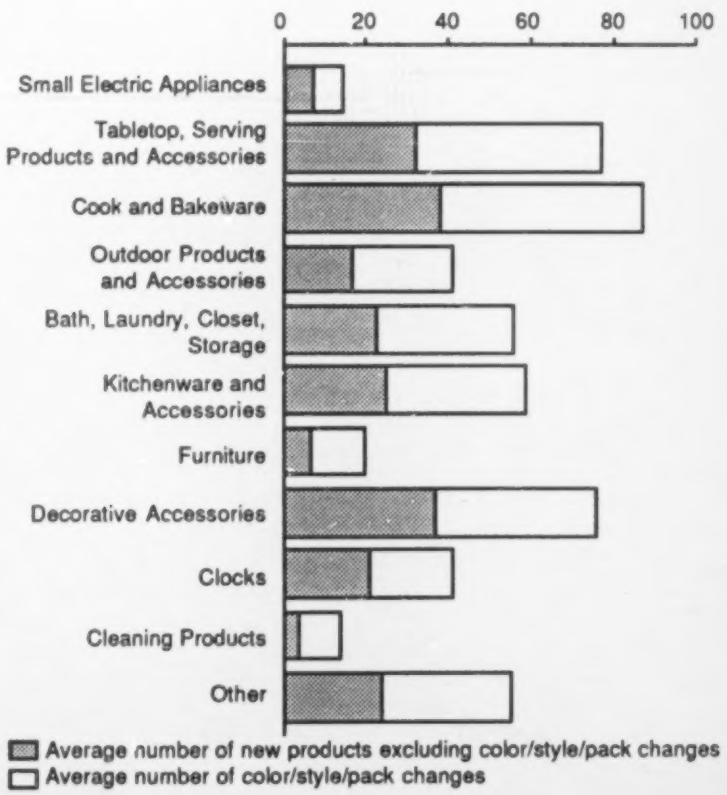
While the average number of total new products is 37 per company, the range of new products introduced varies widely by company size and product category.

Not surprisingly, there is a correlation between company size and new product introductions. On average, companies reporting sales of greater than $100 million introduced a total of 166 new products each in 1988 (56 new products and 110 color/style/pack changes). In contrast, companies with sales under $10 million reported introducing 27 products per company on average.

PRODUCT CATEGORY

Cook and bakeware manufacturers have the highest level of new product introductions among the eleven housewares categories shown here. Close behind are tabletop, serving products and accessories with 77 and decorative accessories with 76.

Not surprisingly, the lowest level of new products came from manufacturers of cleaning products -- a category unaffected by the often short-lived product live cycles which influence other housewares and are the result of design, fashion and fads.



CHANGING CONSUMER VALUES AND ATTITUDES

One of the most interesting lifestyle changes taking place today is the movement of activities from outside the home to inside the home. Some call this trend cocooning. Others may prefer to use the label couch potatoes to describe those who enjoy staying at home.

The fact is, as we move from a single lifestyle to married lifestyle, and have children, the length of time we spend in our homes increases. As such, we seek to surround ourselves with convenient, attractive, useful housewares which will enhance our lives. Economists refer to the Life Cycle Theory to describe the shift in expenditures that occur over one's lifetime.

In addition to the phenomenon of cocooning, there are some other shifts in consumer orientations that are having their impact on the housewares industry. As we shift from a "traditional" orientation -- exemplified in the late '50s, but still dominant through the '70s -- to a "new age" orientation, housewares sales can expect to rise with it.

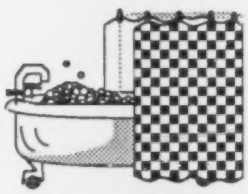
TRADITIONAL ⟶ NEW AGE		COMMENTS	HOUSEWARES IMPACT
Materialism	Quality of Life	• Less spending on "conspicuous" items (e.g., cars, jewelry, etc.) • More spending on products which enhance the quality of life	●
Husband-Wife Duties	Roles Blurring	• Men are having to deal with household duties for the first time: cooking, cleaning, decorating, etc. • There is a large market of potential new users of housewares products -- men	●
Plebian Tastes	Cosmopolitan	• The media and increased travel and communication have made us all more sophisticated • We desire new, more attractive, and better designed products; companies that adapt to this change will benefit	◎
Acquiescent	Demanding/Discerning	• Americans are more quality-conscious today than in the past • Firms which develop and produce goods that are up to these new standards will be successful; companies which continue to produce low-quality products may suffer	◎
Wife at Home	Working Wife	• The importance of convenience has never been higher as the number of "time-impoverished" consumers grows • Time-saving, convenient products will be favored	◎

● Favorable ◎ Neutral ○ Unfavorable

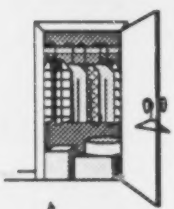
PRIMARY COLORS FOR 1989

Please indicate the three primary colors your company will feature in housewares for each of the following areas in 1989. Leave blank those areas which do not apply to your company.

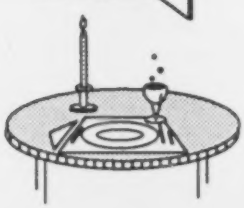
	1989
KITCHEN	White Slate Blue Black Blue



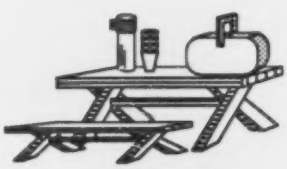
BATH	White Mauve Almond Slate Blue



CLOSET/STORAGE	White Black Slate Mauve



DINING ROOM	White Blue Black Mauve



OUTDOORS	White Red Black Natural

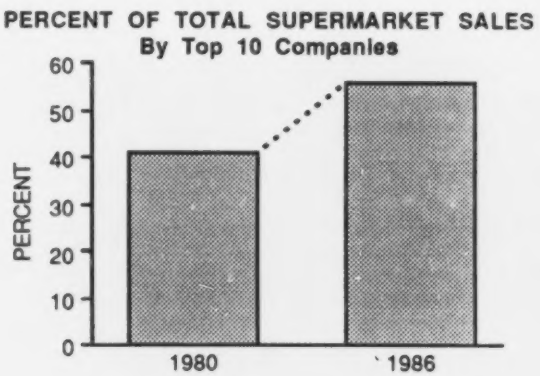
The color white emerged as the clear, favorite color of housewares manufacturers in the above five categories.

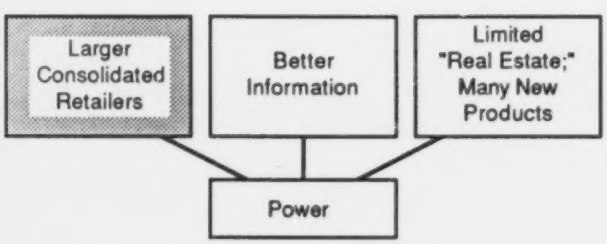
EMERGENCE OF "POWER RETAILERS"

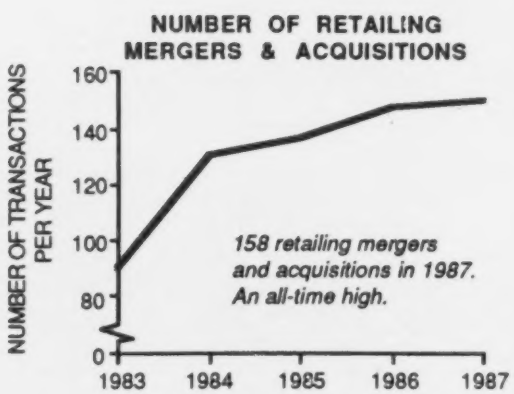
Retailers are emerging with more clout in the balance of power between manufacturers and retailers. Three factors have contributed to this power:

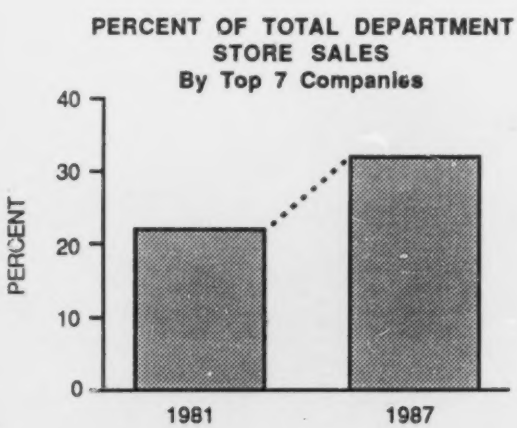
- larger, consolidated retailers
- better information
- limited "real estate"

The big are getting bigger. In 1980, the top 10 supermarket chains commanded 41% of the market. By 1986, their market share had risen to 56%.

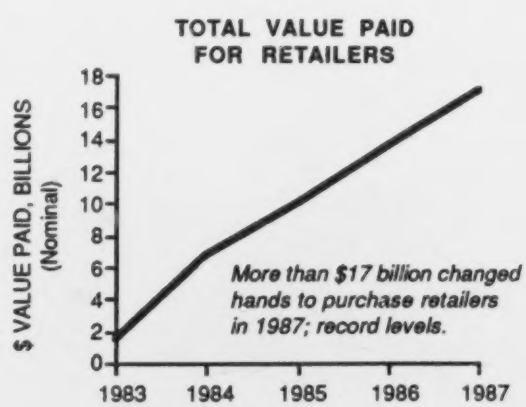






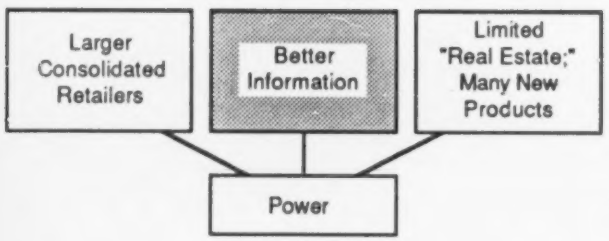


Source: Standard & Poors.



Source: W.T. Grimm.

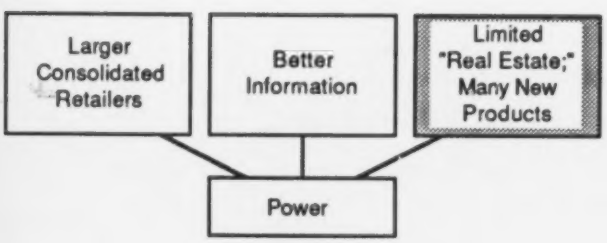
EMERGENCE OF "POWER RETAILERS"

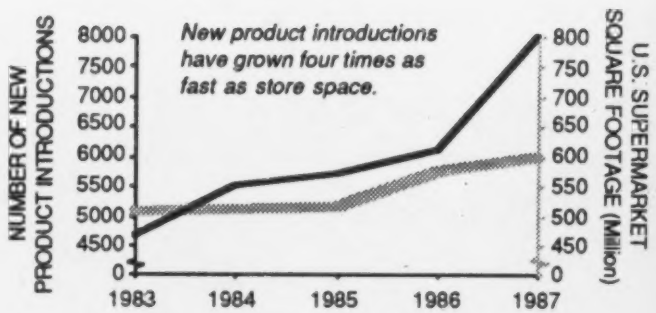


In addition to larger, consolidated retailers, better information systems are now in place, including:

- Optical scanners at check-out
- Uniform Product Codes (UPC)
- Electronic Data Interchange (EDI)

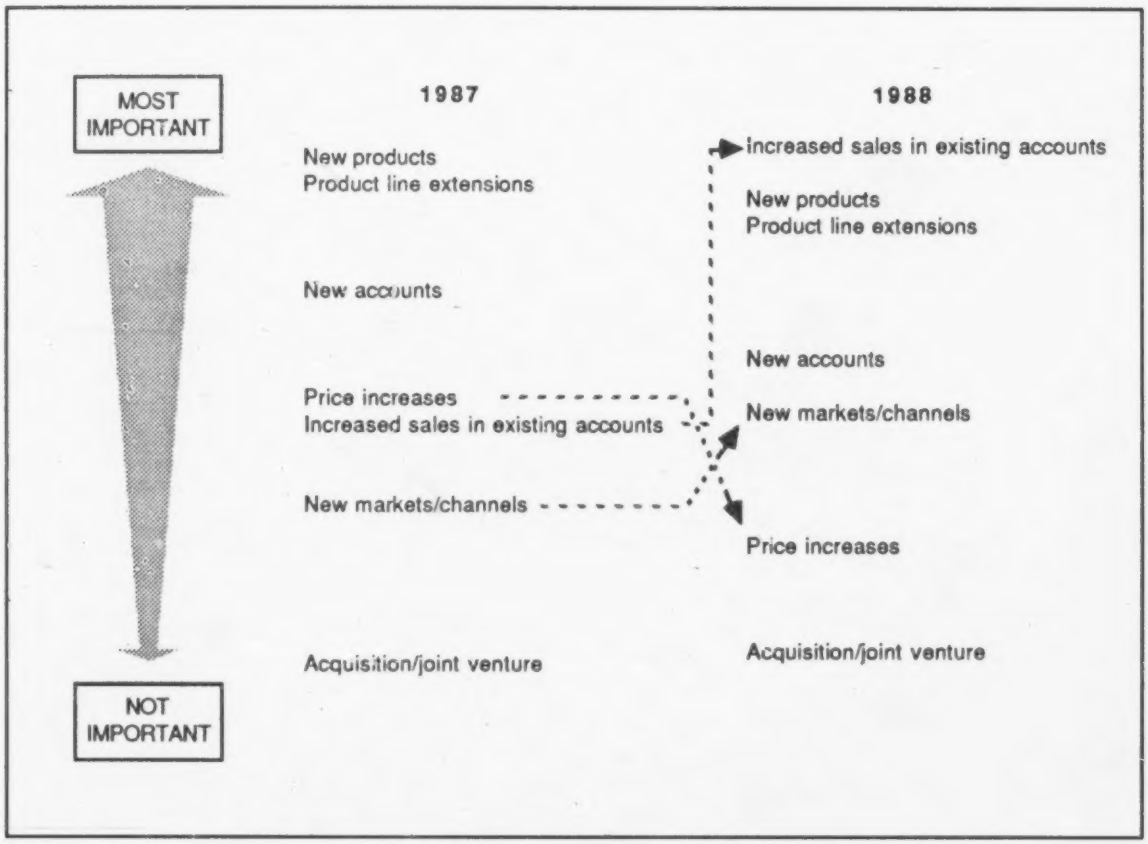
The result is that faster and more thorough information means that a retailer can assess a product's movement in a store better than in the past. Poor sellers are quickly discontinued.





Source: New Product News; Food Marketing Institute.

SOURCES OF SALES GROWTH

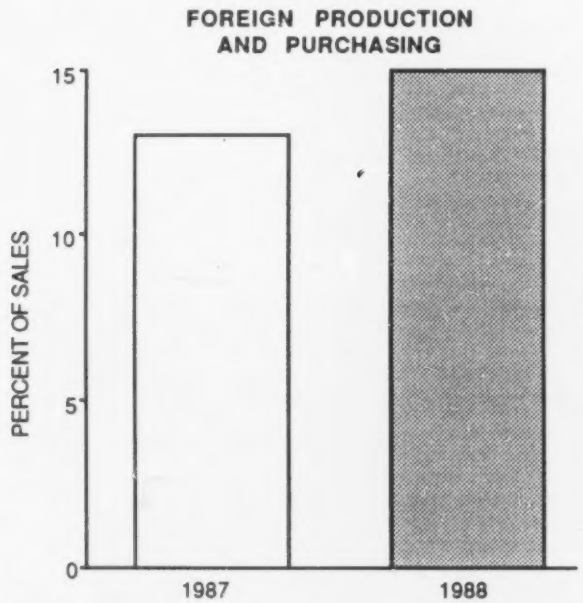


Increased Sales in Existing Accounts rose to the #1 ranking in importance to housewares manufacturers. This is consistent with the movement towards retailer consolidation; existing accounts are becoming larger, the result of mergers and acquisitions. Developing closer relationships with these accounts is an important success factor today, and in the future.

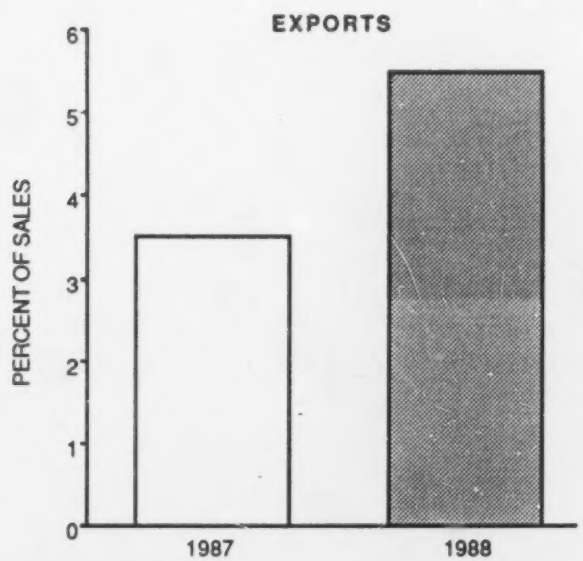
Also rising is New Markets/Channels. Supermarkets, hypermarkets, gadget stores and non-store retailing (including mail order) have enjoyed growth in 1988. Successful manufacturers are seizing these opportunities.

GLOBALIZATION

The housewares industry is more international than in the past. While import and export levels remain low, the growth trend in both areas is up.



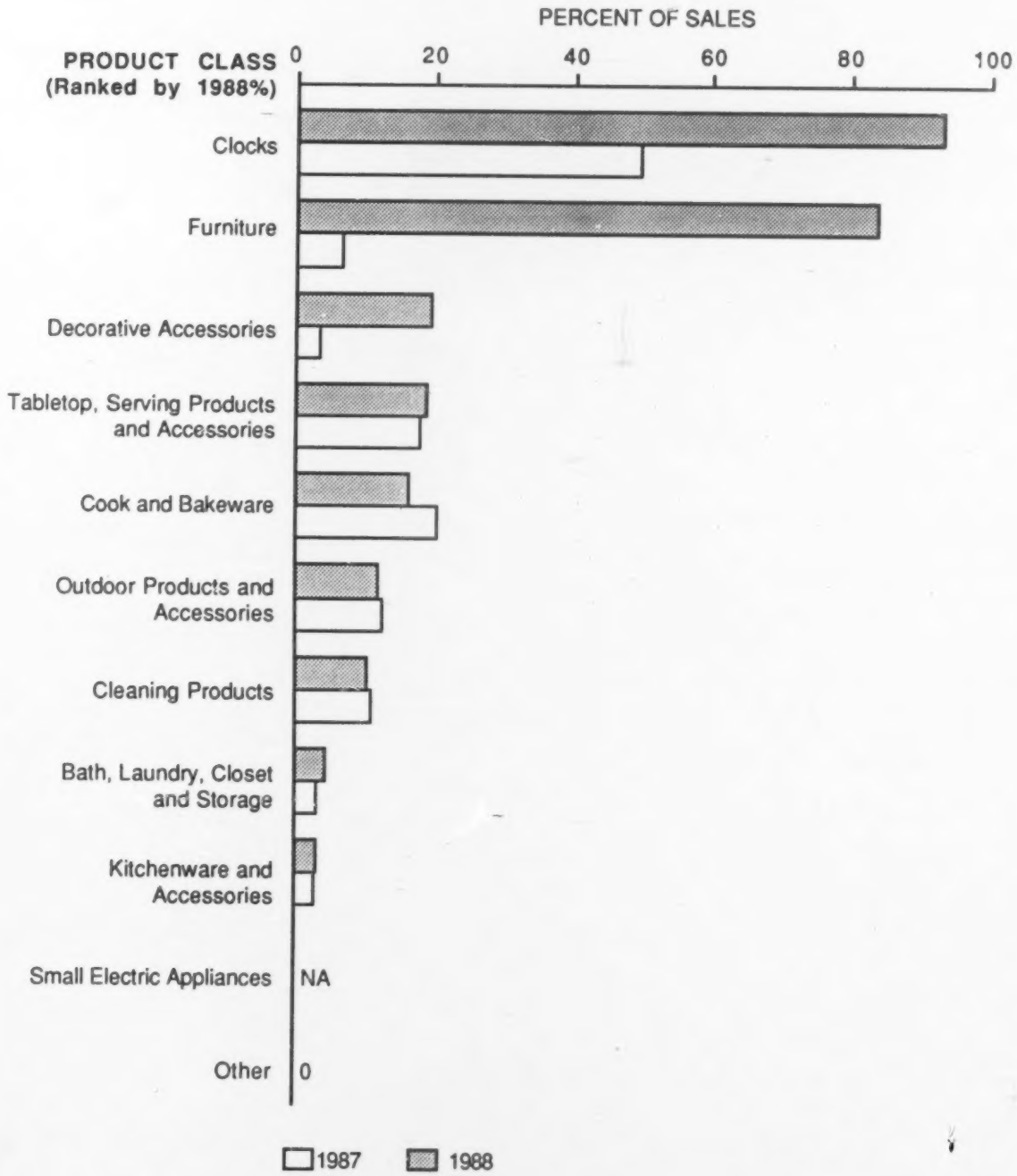
Foreign production and purchasing as a percent of housewares sales rose from 13% to 15%.



Exports of housewares as a percent of sales rose from 3.5% to 5.5%.

As an industry, housewares lags many others in terms of its overall globalization. Certainly, the relatively small size of the median housewares manufacturer ($3.1 million) plays a role. But we expect the upward trend to continue as manufacturers of all sizes and levels of sophistication recognize and implement international programs for both sourcing and exporting.

FOREIGN PRODUCTION AND PURCHASING BY PRODUCT CLASS



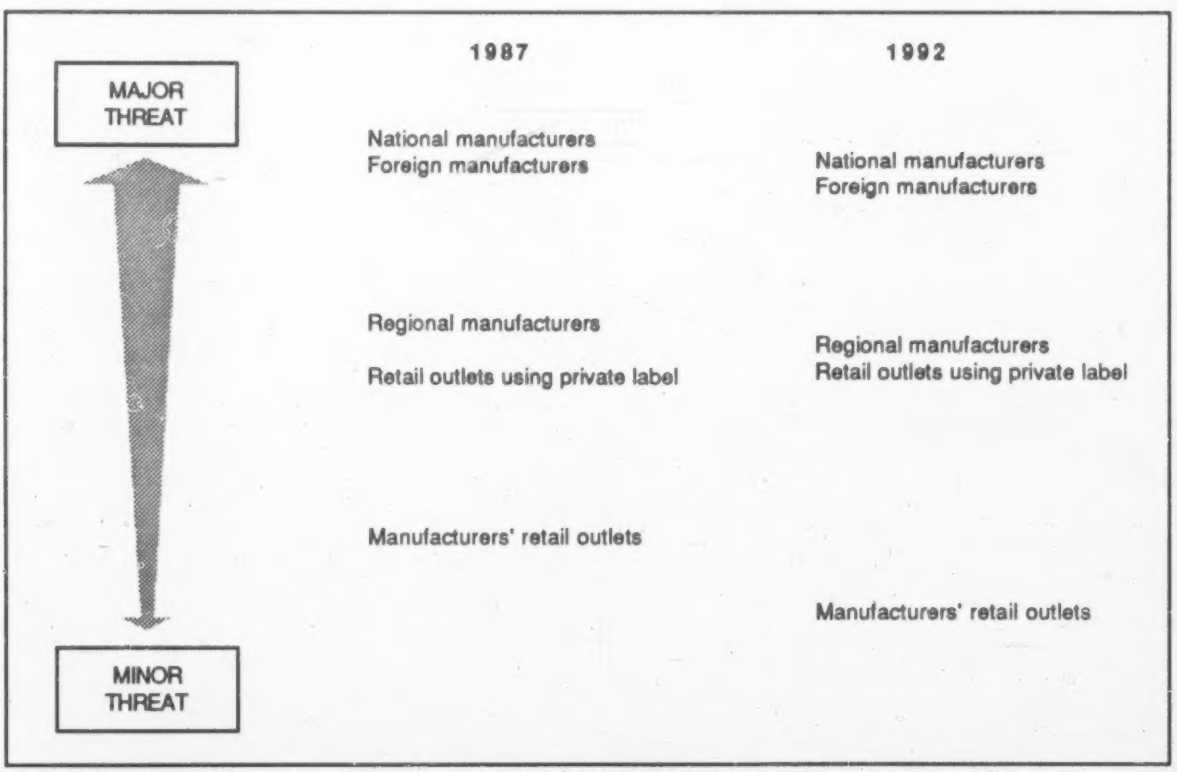
In 1988, housewares manufacturers averaged 15% of sales for foreign production and purchasing. However, the range among product classes varied widely in 1988: from 93% for clocks, to none for other.

SALES METHODS

	1987	1988	TREND
DIRECT			
• Direct sales force	51.4	49.6	▼
• Own telemarketing organization	1.0	0.8	▼
• Own catalog	0.9	0.9	—
	53.3	51.3	▼
INDIRECT			
• Independent reps/brokers	46.7	48.7	▲

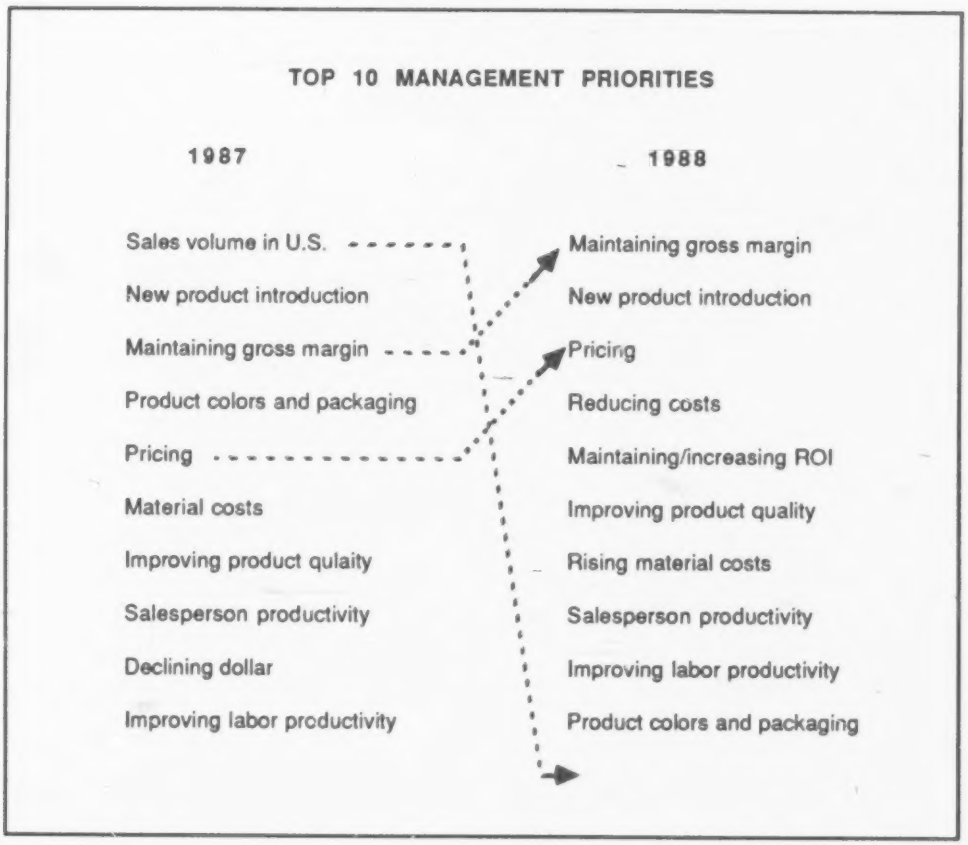
Manufacturers are reporting a slight shift in sales methods; from their own direct sales forces to reps and brokers. Respondents' concerns for cost and maintaining gross margin may explain this shift (see page 25).

COMPETITIVE THREATS



Looking prospectively, survey participants see little change in the nature of competitive threats. National manufacturers and foreign manufacturers still rank number one and two, respectively.

TOP PRIORITIES



In an environment of 12.6% nominal growth, it is not surprising that management priorities changed considerably in 1988. Last year's #1 ranked priority, "Sales Volume in U.S.," fell out of the top 10 as companies had little trouble reaching new sales levels. Of increasing concern in 1988, however, was pressure on margin. Both "Maintaining Gross Margin" and "Pricing" rose on the top 10 list.

GLOSSARY

The following terms and definitions are necessary to correctly complete the survey. They are cross referenced by number into the body of the survey.

1. **"HOUSEWARES"** are represented by eleven segments which include:

a.) **Small Electric Appliances**
Examples:
food processors, microwave ovens, fans, can openers, coffee makers, hair dryers, shavers, vacuums

b.) **Tabletop, Serving Products & Accessories**
Examples:*cutlery, china, beverageware, flatware,napkins, tablecloths*

c.) **Cook and Bakeware**
Examples:
glass & metal pots & pans, microwave ware, enamel ware

d.) **Outdoor Products & Accessories**
Examples:
barbecue grills, pads, cushions, pool toys, thermos, outdoor furniture, picnic items

e.) **Bath, Laundry, Closet & Storage**
Examples:
fixtures, shower curtains, shelving, racks, baskets, dividers, ironing pads

f.) **Kitchenware & Accessories**
Examples:
tools, gadgets, plastic and rubberware kitchen textiles

g.) **Furniture**
Examples:
indoor and RTA furniture–tables, chairs, bookcases and space saver systems

h.) **Decorative Accessories**
Examples:
picture frames, vases, silk flowers, window furnishings, mirrors, lighting fixtures

i.) **Clocks**
Examples:
mechanical and electrical clocks

j.) **Cleaning products**
Examples:
brooms, mops, brushes, sponges, chemicals and polishes

k.) **Other**
Examples:
sewing, flashlights, candles

2. **Houseware Manufacturer** – company primarily engaged in production or assembly of houseware products for resale to other manufacturers, wholesalers and retailers or directly to consumers.

3. **Importer** – Individual or company primarily engaged in importing from outside the U.S.

GLOSSARY (cont'd)

4. Channels – refers to the various channels of distribution including:

	Examples
– Wholesalers (5)	*SuperValu, McKesson*
– Discounters	*K Mart, Target, Walmart, Zayre*
– Supermarkets	*Kroger, Safeway*
– National Chains	*Sears, Penneys, Montgomery Ward*
– Department Stores	*Bloomingdales, Filenes*
– Variety stores	*McCrory, Family $, Woolworth*
– Drug Stores	*Walgreen, Rite Aid*
– Catalog Showroom stores	*Service Merchandise*
– Gift, Novelty, Souvenir stores	
– Hardware Stores	*True Value*
– Warehouse Clubs	*B-J's, Sams, Price Club*
– Home Centers	*Grossmans*
– Home Furnishings and Appliance Stores	*Levitz, Crate & Barrel, Pier 1*
– Mail Order	*Williams Sonoma*
– Company Outlet	
– Other	

5. **Wholesaler/distributor** – company which purchases finished products for resale to retail channels. These include, for example, grocery, drug, service merchandisers (rack jobbers) and general merchandise wholesalers. Grocery and hardware coops are classified as "wholesaler" for purposes of this survey.

6. **Retail outlets** – includes department, grocery, variety and other stores who sell directly to end user. (See Part 4 above)

7. **Sales volume** – dollar value of products sold.

8. **Operating profit** – income from operations before federal, state and local tax.

9. **Inventory** – the dollar value of your unsold, on-hand raw materials, work in process and finished goods at your cost. (Please report on a first-in-first-out basis. See your financial statements.)

10. **Total Assets** – the dollar value of cash, accounts receivable, inventory and property, plant and equipment that your company owns. (See your financial statements.)

11. **Total liabilities** – the dollar value of all monies owed by your company, either secured or unsecured, short and long term. (See your financial statements.)

12. **Realized gross margin** – the difference between a product's net selling price and its cost. For this survey, net selling price is after cash discounts, off invoice and other allowances given to the purchaser. **Cost is your manufactured cost before distribution, selling and general/admin. cost or purchased cost, if you source the product from outside your company.**

13. **Consumer promotion** – expenditure directed at end user. For example, coupons, rebates, sweepstakes, radio/TV advertising.

14. **Trade promotion** – expenditure directed at a wholesaler/distributor or retailer. For example, volume rebates and trade advertising.

15. **Slotting allowances** – money paid to retailer or wholesaler by a supplier/manufacturer for space and distribution of their products through the retailers/wholesalers warehouse.

16. **Annual payroll** – includes salaries, wages and all payroll taxes paid by your company.

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